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UNCLAS SECTION 01 OF 02 ASUNCION 001296

SIPDIS

STATE FOR EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [PA](#) [SNAR](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, OCT. 09 - OCT. 16

1.(U) Summary

-- President Appoints New Presidential Security Advisor
-- SENAD Capture Peruvian Cocaine Trafficker in Asuncion
-- Foot and Mouth Outbreak in Brazil Triggers Response
-- World Bank and Paraguay Cooperating for Financial Transparency

President Appoints New Presidential Security Advisor

12. (U) On 10/10, President Duarte announced and signed a decree appointing former Attorney General Oscar German Latorre as the new presidential security advisor. Latorre will have the rank and privileges of a cabinet minister. This newly created executive office will advise the President on national security matters. Latorre's new responsibilities will include evaluation and proposal of policies and legislative reforms to combat crimes such as drug trafficking, money laundering, and kidnapping, among other crimes. Reports indicate that Latorre's first domestic proposal will be a gun control bill. It is not clear at this time what the budget of this office will be and how this office will be staffed but, Latorre is expected to request security agents from other agencies to be assigned to his office. As more information becomes available Post will report further on this issue in septel. NOTE: Recently, Latorre was rumored to be President Duarte's designee to head on intelligence affairs by virtue of a decree. The ensuing controversy and the creation of intelligence office prompted Duarte to suspend its creation by decree and explore instead enabling legislation. To our knowledge such legislation has yet been submitted to Congress. END NOTE.

SENAD Capture Peruvian Cocaine Trafficker in Asuncion

3.(U) On 10/11, SENAD agents arrested 5 Peruvian citizens for drug trafficking. Three were captured at a SENAD station located in the Chaco region and 2 at the central bus terminal in Asuncion. According to reports, the five men swallowed approximately 224 capsules filled with cocaine. Apparently the Peruvians swallowed the capsules in Peru. Their final destination was Asuncion where they expected their payment. SENAD agents have indicated that they are expecting to make more arrests in the case.

Foot and Mouth Outbreak in Brazil Triggers Response

4.(U) On 10/10, Paraguay's animal health services, SENACSA, released a "Sanitary Alert Plan" to control the spread of Foot and Mouth disease (FMD), which was recently discovered on a cattle ranch in the neighboring southern Brazilian province of Matto Grosso do Sul, approximately 45 kilometers from the border with Paraguay. SENACSA is presently enforcing a 30 kilometer alert zone along Paraguay's border with Brazil, from the district of Pedro Juan Caballero in the Department of Amambay to Ciudad del Este in the Department of Alto Parana. According to SENACSA's alert plan, authorities are controlling the entry of all species susceptible to FMD, and are requiring mandatory disinfection of all vehicles entering the alert zone from Brazil. They are also issuing veterinary teams to increase monitoring of cattle ranches in the area.

World Bank & Paraguay Cooperating for Financial Transparency

5.(U) On 10/12, the World Bank in coordination with the Paraguayan Ministry of Finance, announced a joint effort in creating programs of accounting and audits with the objective to develop a plan of action to improve norms and codes to

bring Paraguay information compliance with international standards. According to reports, Orlando Ferreira a World Bank official explained that the program looks at improving the transparency in matters of financial information. Ferreira also expressed that this program was already established in 10 countries in the region; and pointed out that the program has had good results in matters of competitiveness, access to credit, reduction in fraud and fundamentally improve financial information for the consumers.

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